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FM AMEMBASSY HANOI
TO RUEHC/SECSTATE WASHDC 6327
INFO RUEHHM/AMCONSUL HO CHI MINH 3678
RUEHGV/USMISSION GENEVA 1206
RUEHVS/ASEAN REGIONAL FORUM COLLECTIVE
RUCNWT/WORLD TRADE ORGANIZATION COLLECTIVE
RUEHRC/DEPT OF AGRICULTURE WASHINGTON DC
RUCPDO/DEPT OF COMMERCE WASHINGTON DC
RUEAIIA/CIA WASHINGTON DC
RUEHPH/CDC ATLANTA GA
RUEAUSA/DEPT OF HHS WASHINGTON DC
RUEKJCS/SECDEF WASHINGTON DC//USDP/ISA/AP//
RHMFISS/CJCS WASHINGTON DC//J2/J3/J5//
RHEFDIA/DIA WASHINGTON DC//DHO-3//
RHMFIUU/CDR USPACOM HONOLULU HI//J00/J2/J3/J5//
RHEFAFM/DIRAFMIC FT DETRICK MD//MA-1A//
RUEHSUN/USUN ROME IT

UNCLAS SECTION 01 OF 03 HANOI 001627

SIPDIS

SENSITIVE
SIPDIS

STATE PASS TO USTR (BISBEE, GLAUBER, BURST)
USDA FOR DUS TERPSTRA
USDA PASS TO FAS (OA, OCRA, ONA, OFSO)
STATE FOR EAP/MLS, EAP/EP, AIAG, OES/IHA, MED
STATE PASS TO USAID FOR ANE AND GH
STATE PASS TO HHS/OGHA (STIEGER/VALDEZ/BELL/HICKEY)
CDC FOR OGHA (BLOUT/MCCALL) AND DIV-FLU (COX/MOHEN)
DEPARTMENT OF DEFENSE FOR OSD/ISA/AP (STERN)
HHS PASS TO FIC/NIH (GLASS)
USDA PASS TO APHIS, FAS (OSTA AND OCRA), FSIS
BANGKOK FOR RMO, CDC (MALISON), USAID (MACARTHUR/BRADY)
BEIJING FOR HHS HEALTH ATTACHE (ROSS)
PHNOM PENH FOR CDC INFLUENZA COORDINATOR (BRADY)
VIENTIANE FOR CDC INFLUENZA COORDINATOR (CORWIN)
ROME FOR FAO

E.O. 12958: N/A

TAGS: [ETRD](#) [EAGR](#) [TBIO](#) [SOCI](#) [WTRO](#) [KFLU](#) [VM](#)

SUBJECT: AMBASSADOR MICHALAK AND MARD MINISTER PHAT DISCUSS
AGRICULTURAL TRADE, RURAL DEVELOPMENT, AND AVIAN INFLUENZA

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1. (SBU) Summary: During his September 10 courtesy call with Minister of Agriculture and Rural Development (MARD) Cao Duc Phat, Ambassador Michalak advocated on behalf of U.S. agricultural products, praised Vietnam's adherence to international agricultural standards, and thanked Phat for Vietnam's strong cooperation on Avian Influenza (AI). The Ambassador emphasized the U.S. commitment to provide fair access to Vietnamese agricultural products, particularly fruits currently under review by the U.S. Department of Agriculture (USDA) for import approval, and stated that the United States would continue to assist Vietnam's integration into the world agricultural trading system. Phat stressed Vietnam's need to work with international partners, particularly the United States, to adjust to the global economy and its responsibilities as a new member of the World Trade Organization (WTO). Phat noted that Vietnam faced many challenges as it looks to improve agricultural productivity and rural incomes, while introducing its agricultural businesses to world markets. Phat commended the United States for its assistance to Vietnam in fighting Avian Influenza. Phat agreed that Vietnamese consumers enjoy American agricultural products and asked that the U.S. continue to send beef to Vietnam. End summary.

Vietnam's International Commitments

12. (SBU) Cao Duc Phat, a 1992 graduate of the Kennedy School at Harvard, stated that his studies in the United States introduced him to the United States, market economics and the international community. Phat then thanked the United States for the important role it played in Vietnam's accession to the WTO. However, Phat stressed that Vietnam realized that it could not meet its commitments to the international community on its own and that the Government of Vietnam (GVN) needed to focus on transparency to better foster international cooperation.

Increasing Agricultural Trade -----

13. (SBU) Phat remarked that Vietnamese consumers find American produce attractive, particularly grapes and apples, and asked the United States to send more beef. Ambassador Michalak thanked Phat for Vietnam's continued purchases of U.S. agricultural products but, noting the trade disparity between the two nations, urged Vietnam to expand the range of American farm products it imports. The Ambassador praised recent Vietnamese moves to lower tariffs and streamline regulations, along with Vietnam's quick action to comply with World Organization for Animal Health guidelines. In turn, United States would continue to assist Vietnam better understand the U.S. regulatory system and to provide fair access to the U.S. market, including Vietnamese tropical fruits currently under USDA import review.

Avian Influenza -----

14. (SBU) Ambassador Michalak praised Vietnam's cooperation on AI and noted that Vietnam's response is considered a model for national programs around the world. He cautioned, however, that the GVN and the donors must stress to farmers and consumers that the threat has not diminished and all must continue their vigilance. Though

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responding to AI remained a challenge for the GVN, particularly given the huge numbers of ducks and chickens bred each year, Phat singled-out U.S. AI assistance as particularly helpful. In response to a question from the Ambassador, Phat recognized that part of the problem came from poultry smuggled in from China. Phat stated that Vietnam would soon hold a nationwide meeting to discuss the national poultry vaccination program.

Agricultural Productivity -----

15. (SBU) Phat acknowledged that Vietnam needed to focus on increasing agricultural productivity. According to Phat, Vietnam's annual agricultural exports currently totaled about USD 8 billion. To increase that number (and to provide the Vietnamese people with safe food for domestic consumption), Vietnam needed to implement the Sanitary and Phyto-Sanitary (SPS) agreement. However, while the GVN understood the need to conform to international regulations and to build public support for modernization efforts, it lacked the human resources to do so effectively. Ambassador Michalak stated that the United States hoped to directly assist Vietnam to meet international SPS standards and that the United States also currently provides some assistance on SPS issues through projects pursuant to the Trade and Investment Framework Agreement with ASEAN. The Ambassador also highlighted the positive role that biotechnology could play to help Vietnam increase agricultural productivity through increased yields and lower input costs. Phat reiterated MARD's desire to learn more about biotechnology applications.

Rural Development -----

16. (SBU) Phat detailed the main challenges Vietnam faces in promoting sustainable and environmentally acceptable rural development. According to Phat, ninety percent of Vietnamese poor live in the countryside. Seventy percent of Vietnamese rely on agriculture for their income, while agriculture now only makes up

twenty percent of GDP. Thus, the GVN worries about the growing gap between urban and rural incomes, while also noting decreases in agricultural land and an increase in migration to the cities. Each year, Vietnam loses 200,000 members of its rural labor force. At the same time, the GVN is developing plans to help those mired in extreme poverty and members of minority groups. MARD seeks to increase competitiveness in rural provinces through reliance on science and technology to increase value-added to agricultural products. MARD also plans to improve rural entrepreneurship to grow agricultural businesses and update and expand infrastructure to ease transportation of agricultural goods and attract investment to further upgrade facilities.

Comment

¶7. (SBU) On agricultural issues, Vietnam gets it. GVN agricultural policy-makers understand the benefits of trade and the need to reduce tariffs and other regulatory obstacles to imports and exports. Though policies always are subject to change, we have seen few attempts to create obstacles to U.S. farm products. To date, GVN efforts to comply with Vietnam's international obligations have

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been excellent. Embassy Hanoi urges continued United States efforts to assist Vietnam's integration into global agricultural markets and to ensure that Vietnam perceives it has fair access to the U.S. market - particularly for its tropical fruits. We believe such actions will buttress Vietnam's policies to open its markets to American goods.

MICHALAK